



Earn up to ~25% more on your Gold Investment.

Issue Opens on Monday, 28th December, 2020

Features / Benefits	Physical Gold	Sovereign Gold Bond [SGB]
In which investment do you earn better returns?	Lower than SGB.	~25% higher returns than physical Gold [refer Note 1].
Do you have to pay GST?	GST is levied @ 3% on purchase of Gold.	No GST. [Hence, you save 3% on purchase.]
How do you earn profit?	Capital appreciation [Increase in prices of gold is your profit.]	1. Capital Appreciation. 2. Interest Income
Risk of Storage and Safekeeping?	Yes. [Risk of theft etc.]	Risk is negligible as gold is held in electronic form.
Interest Income.	No.	Interest @ 2.5% p.a. [Additional income vs. physical gold].
Risk of Impurity	Purity is always a concern while buying physical gold.	No risk of impurity as it is guaranteed by GoI.
Guaranteed by Government of India (GoI)?	NA	Yes [Both Redemption amount & interest is guaranteed by GoI].
Pay Tax on selling/redemption?	Long term capital gains (LTCG) tax to be paid on selling.	LTCG tax is exempt if the bond is held till maturity.
Discounts on online payment?	No discounts.	Discount Rs 50/gm [you save ~1.4%] for online transactions.

Note 1: Tenure - 8 years Issue Price of SGB in this series per gram (Rs) - 5,000

Particulars	Physical Gold	SGB	Gain %	Remarks
Purchase Price (Rs)	5,000	5,000		Total savings of ~4.4% at the time purchase itself.
Online discount (Rs)	0	50	1.0%	
GST @ 3% (Rs)	150	0	3.0%	
Total purchase cost per gram (Rs)	5,150	4,950		
Units of gold purchased (grams)	10	10		
Total Invoice Value	51,500	49,500	4.0%	
Interest earned @ 2.5% p.a. for 8 yrs	0	10,000	20.2%	Extra ~20% return from interest income.
Interest Income				Taxed @ marginal rate of tax
Short Term Capital Gains on sale of Physical Gold / SGB				Taxed @ marginal rate of tax
Long Term Capital Gains on sale of Physical Gold				Taxed @ 20% after indexation.
Long Term Capital Gains on SGB if sold before maturity				Taxed @ 20% after indexation
Long Term Capital Gains on SGB if held till maturity				Exempt from tax.

If an investor feels the need to buy physical gold for future occasions (like child's marriage), he/she can use the SGB redemption proceeds after 8 years and divert it to physical gold of similar value.